

ORIGINAL

COMMISSIONERS
BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

JODI JERICH
EXECUTIVE DIRECTOR

OPEN MEETING ITEM

5/1/13 - 5/2/13



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SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 388-1335
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Bob Stump, Chairman
Gary Pierce
Brenda Burns
Bob Burns
Susan Bitter Smith

FROM: Matthew J. Neubert *MJN*
Director of Securities

DATE: April 15, 2013

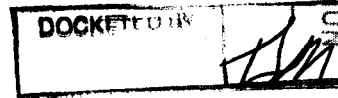
RE: *In re: Lynn R. Goldney (CRD No. 1325181) et al.; Docket No. S-20880A-13-0088*

CC: Jodi Jerich, Executive Director

Arizona Corporation Commission

DOCKETED

APR 16 2013



ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

2013 APR 16 P 12:23

RECEIVED

Attached for your consideration is a proposed *Order for Revocation, Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same* by Lynn R. Goldney and Valerie L. Goldney ("Consent Order") executed by Respondents Lynn R. Goldney ("Goldney") and Valerie L. Goldney ("Respondent Spouse").

The Consent Order finds that, beginning in about April 2009, Goldney borrowed money from his customers who, at the time of the loans to him, were neither relatives of his nor persons in the business of lending funds. The Consent Order further finds that Goldney's conduct constitutes dishonest or unethical practices in the securities industry.

The Consent Order: (a) revokes Goldney's securities salesman registration; (b) directs Goldney and his agents are to permanently cease and desist from violating the Securities Act; and (c) orders Goldney, individually, and the marital community of Goldney and Respondent Spouse, jointly and severally, to pay (i) restitution to the Commission in the principal amount of \$98,835.00; (ii) an administrative penalty in the amount of \$10,000.00; and (iii) interest. The Division believes that this Consent Order is appropriate to protect the public welfare.

Originator: Stephen J. Womack

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

In the matter of:

LYNN R. GOLDNEY (CRD No. 1325181)
and VALERIE L. GOLDNEY, husband and
wife,

Respondents.

) DOCKET NO. S-20880A-13-0088

) DECISION NO. _____

) **ORDER OF REVOCATION,**
) **ORDER TO CEASE AND DESIST,**
) **ORDER FOR RESTITUTION,**
) **ORDER FOR ADMINISTRATIVE**
) **PENALTIES AND CONSENT TO SAME**
) **BY LYNN R. GOLDNEY AND**
) **VALERIE L. GOLDNEY**

Respondent Lynn R. Goldney ("Respondent") and Valerie L. Goldney ("Respondent Spouse") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, *et seq.* ("Securities Act") with respect to this *Order for Revocation, Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Lynn R. Goldney and Valerie L. Goldney* ("Order"). Respondent and Respondent Spouse admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit only for purposes of this proceeding and any other proceeding in which the Commission or any other agency of the state of Arizona is a party the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. Lynn R. Goldney has been at all relevant times an Arizona resident.
2. Valerie L. Goldney has been at all relevant times the spouse of Lynn R. Goldney.

3 4. From November 12, 1984, to March 9, 2012, Respondent, CRD No. 1325181, was
4 registered as a securities salesman in Arizona.

5 5. Beginning in about April 2009, Respondent began seeking loans from his customers.
6 He obtained 45 distinct loans from 26 customers. In total, he borrowed \$255,175 from these
7 customers.

8 6. To date, Respondent has repaid \$163,705 in principal and interest.

9 7. Respondent has not fully repaid approximately 16 loans he obtained from 14
10 customers. The total principal amount owing on these loans is \$98,835.

8. None of the customers from whom Respondent obtained a loan are relatives of Respondent or persons in the business of lending money.

9. On March 9, 2012, Financial Network Investment Corporation, Respondent's broker-dealer, terminated its independent contractor agreement with Respondent. At that time, pursuant to A.R.S. § 44-1949, his registration as a securities salesman was automatically suspended. Since his termination, he has not associated with any dealer.

II.

CONCLUSIONS OF LAW

19 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
20 Arizona Constitution and the Securities Act.

21 2. Respondent engaged in dishonest or unethical practices in the securities industry by
22 borrowing money from his customers who, at the time of the loans to him, were neither relatives of
23 his nor persons in the business of lending funds.

24 3. Respondent's conduct subjects Respondent to an order of revocation pursuant to
25 A.R.S. § 44-1962(A)(10).

4. Respondent's conduct is grounds for a cease and desist order pursuant to A.R.S. §§ 44-1962(B) and 44-2032.

5. Respondent's conduct is grounds for an order of restitution pursuant to A.R.S. §§ 44-1962(B) and 44-2032.

6. Respondent's conduct is grounds for administrative penalties under A.R.S. §§ 44-1962(B) and 44-2036.

7. Respondent acted for the benefit of the marital community and, pursuant to A.R.S. §§ 25-214 and 25-215, this order of restitution and administrative penalties is a debt of the community.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent and Respondent Spouse consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-1962(A)(10), that Respondent's securities salesman registration is revoked.

IT IS FURTHER ORDERED, pursuant to A.R.S. §§ 44-1962(B) and 44-2032, that Respondent, and any of Respondent's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. §§ 44-1962(B) and 44-2032, that Respondent, individually, and the marital community of Respondent and Respondent Spouse, jointly and severally shall pay restitution to the Commission in the principal amount of \$98,835. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission. Any principal amount outstanding shall accrue interest at the rate of 4.25 percent per annum from the date of loan until

Decision No. _____

1 paid in full. Interest in the amount of \$17,105 has accrued from the date of purchase to May 1,
2 2013.

3 The Commission shall disburse the funds on a pro-rata basis to investors shown on the
4 records of the Commission. Any restitution funds that the Commission cannot disburse because an
5 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an
6 investor because the investor is deceased and the Commission cannot reasonably identify and
7 locate the deceased investor's spouse or natural children surviving at the time of the distribution,
8 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the
9 Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse
10 shall be transferred to the general fund of the state of Arizona.

11 IT IS FURTHER ORDERED, pursuant to A.R.S. §§ 44-1962(B) and 44-2036, that
12 Respondent, individually, and the marital community of Respondent and Respondent Spouse,
13 jointly and severally shall pay an administrative penalty in the amount of \$10,000. Payment is due
14 in full on the date of this Order. Payment shall be made to the "State of Arizona." Any amount
15 outstanding shall accrue interest from the date judgment is entered at the rate of 4.25 percent per
16 annum.

17 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
18 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
19 shall be applied to the penalty obligation.

20 IT IS FURTHER ORDERED that if Respondent fails to comply with this order, the
21 Commission may bring further legal proceedings against Respondent, including application to the
22 superior court for an order of contempt.

23 IT IS FURTHER ORDERED that Respondent and Respondent Spouse comply with the
24 attached *Consent to Entry of Order*.

25 IT IS FURTHER ORDERED that this Order shall become effective immediately.
26

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN	COMMISSIONER	
COMMISSIONER	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

(SJW)

CONSENT TO ENTRY OF ORDER

1
2 1. Lynn R. Goldney ("Respondent") and Valerie L. Goldney ("Respondent Spouse"),
3 admit the jurisdiction of the Commission over the subject matter of this proceeding. Respondent
4 and Respondent Spouse acknowledge that they have been fully advised of their right to a hearing to
5 present evidence and call witnesses and they knowingly and voluntarily waive any and all rights to
6 a hearing before the Commission and all other rights otherwise available under Article 11 of the
7 Securities Act and Title 14 of the Arizona Administrative Code. Respondent and Respondent
8 Spouse acknowledge that this *Order for Revocation, Order To Cease And Desist, Order for*
9 *Restitution, Order for Administrative Penalties and Consent to Same by Lynn R. Goldney and*
10 *Valerie L. Goldney* ("Order") constitutes a valid final order of the Commission.

11 2. Respondent and Respondent Spouse knowingly and voluntarily waive any right
12 under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
13 extraordinary relief resulting from the entry of this Order.

14 3. Respondent and Respondent Spouse acknowledge and agree that this Order is
15 entered into freely and voluntarily and that no promise was made or coercion used to induce such
16 entry.

17 4. Respondent and Respondent Spouse understand and acknowledge that they have a
18 right to seek counsel regarding this Order, and that they have had the opportunity to seek counsel
19 prior to signing this Order. Respondent and Respondent Spouse acknowledge and agree that,
20 despite the foregoing, they freely and voluntarily waive any and all right to consult or obtain
21 counsel prior to signing this Order, and understand all terms it contains.

22 5. Respondent and Respondent Spouse admit only for purposes of this proceeding and
23 any other proceeding in which the Commission or any other agency of the state of Arizona is a
24 party the Findings of Fact and Conclusions of Law contained in this Order.

25 6. By consenting to the entry of this Order, Respondent and Respondent Spouse agree
26 not to take any action or to make, or permit to be made, any public statement denying, directly or

Decision No. _____

1 indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that
2 this Order is without factual basis. Respondent and Respondent Spouse will undertake steps
3 necessary to assure that all of their agents understand and comply with this agreement.

4 7. While this Order settles this administrative matter between Respondent and
5 Respondent Spouse and the Commission, Respondent and Respondent Spouse understand that this
6 Order does not preclude the Commission from instituting other administrative or civil proceedings
7 based on violations that are not addressed by this Order.

8 8. Respondent and Respondent Spouse understand that this Order does not preclude the
9 Commission from referring this matter to any governmental agency for administrative, civil, or
10 criminal proceedings that may be related to the matters addressed by this Order.

11 9. Respondent and Respondent Spouse understand that this Order does not preclude
12 any other agency or officer of the state of Arizona or its subdivisions from instituting
13 administrative, civil, or criminal proceedings that may be related to matters addressed by this
14 Order.

15 10. Respondent agrees that he will not apply to the state of Arizona for registration as a
16 securities dealer or salesman or for licensure as an investment adviser or investment adviser
17 representative until such time as all restitution and penalties under this Order are paid in full.

18 11. Respondent agrees that he will not exercise any control over any entity that offers or
19 sells securities or provides investment advisory services within or from Arizona until such time as
20 all restitution and penalties under this Order are paid in full.

21 12. Respondent and Respondent Spouse acknowledge that any restitution or penalties
22 imposed by this Order are obligations of the Respondent as well as the marital community.

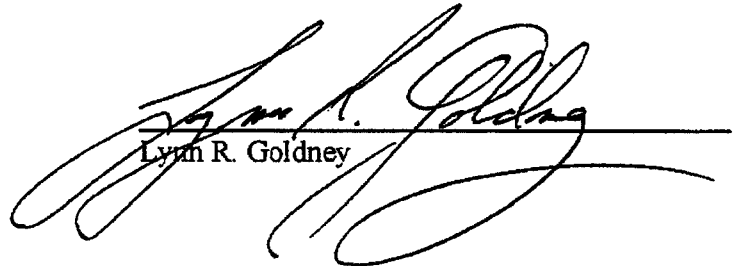
23 13. Respondent and Respondent Spouse consent to the entry of this Order and agree to
24 be fully bound by its terms and conditions.
25
26

Docket No. S-20880A-13-0088


14. Respondent and Respondent Spouse acknowledge and understand that if they fail to comply with the provisions of the order and this consent, the Commission may bring further legal proceedings against them, including application to the superior court for an order of contempt.

15. Respondent and Respondent Spouse understand that default shall render them liable to the Commission for its costs of collection and interest at the maximum legal rate.

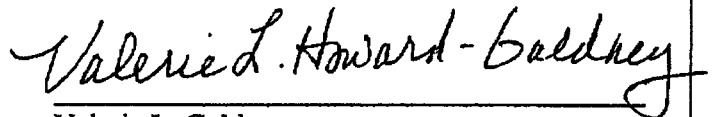
16. Respondent and Respondent Spouse agree and understand that if they fail to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondent and Respondent Spouse agree and understand that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.


Lynn R. Goldney


STATE OF ARIZONA)
County of Mohave) ss

SUBSCRIBED AND SWORN TO BEFORE me this 27th day of March, 2013.

Brenda L. Goldney
NOTARY PUBLIC

My commission expires:
3-24-2015


Valerie L. Goldney

STATE OF ARIZONA)
County of Mohave) ss

SUBSCRIBED AND SWORN TO BEFORE me this 11 day of April, 2013.

Kohl M. Kaiser
NOTARY PUBLIC

My commission expires:
3-10-2017

Decision No. _____

1 SERVICE LIST FOR: LYNN R. GOLDNEY (CRD NO. 1325181) AND VALERIE L.
2 GOLDNEY, HUSBAND AND WIFE:

3 Lynn R. Goldney
4 4051 Calimasa Dr.
5 Lake Havasu City, AZ 86406

6 *Pro Se*

7 Valerie L. Goldney
8 4051 Calimasa Dr.
9 Lake Havasu City, AZ 86406

10 *Pro Se*

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

In the matter of:

LYNN R. GOLDNEY (CRD No. 1325181)
and VALERIE L. GOLDNEY, husband and
wife,

Respondents.


DOCKET NO. S-20880A-13-0088

**NOTICE OF FILING OF PROPOSED
OPEN MEETING AGENDA ITEM**

Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: *Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Consent to Same by Lynn R. Goldney and Valerie L. Goldney* was filed with the Arizona Corporation Commission's Docket Control.

Dated: April 16, 2013

By:


Stephen J. Womack
Enforcement Attorney
Securities Division
Arizona Corporation Commission

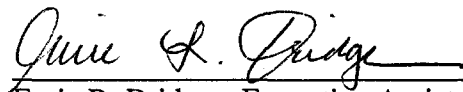
I hereby certify that I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

Lynn R. Goldney
4051 Calimasa Dr.
Lake Havasu City, AZ 86406

Valerie L. Goldney
4051 Calimasa Dr.
Lake Havasu City, AZ 86406

Dated: 4/16/13

By:


Emie R. Bridges, Executive Assistant

Decision No. _____